

Message Text

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ACTION NEA-09

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 ISO-00 EB-07 CIAE-00

DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 FEA-01

ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 FPC-01 H-02

INR-07 INT-05 L-02 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 OIC-02 (ISO) W

----- 013929

O P 060715Z APR 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 0824

USMISSION OECD PARIS IMMEDIATE

INFO AMEMBASSY ALGIERS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY CARACAS PRIORITY

AMCONSUL DHAHRAN PRIORITY

AMEMBASSY KUWAIT PRIORITY

AMEMBASSY LAGOS PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY NEW DELHI PRIORITY

AMEMBASSY TOKYO PRIORITY

S E C R E T JIDDA 2455

E.O.: 11652: GDS

TAGS: ENRG, SA, US

SUBJ: SAUDI TEAM AT PREPCON: ABDUL HADY TAHER

REF : (A) STATE 72746; (B) JIDDA 2391

SUMMARY: SAUDI DELEGATE TO PREPCON GOVERNOR ABDUL HADY TAHER OF PETROMIN BRIEFED ON U.S. ATTITUDES. HE IS LOOK-
ING FORWARD TO MEETING WITH UNDERSECRETARY ROBINSON AND
WILL CONCENTRATE ON LEARNING ABOUT OECD AND IEA. UN-
LIKELY TO TAKE ANY INITIATIVES EXCEPT IN FERTILIZERS
FOR LDCS BUT UNDERSTANDS OUR DESIRE TO USE CONFERENCE AS

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OPPORTUNITY FOR PRODUCER/CONSUMER COLLABORATION. END

SUMMARY.

1. ECONOMIC COUNSELLOR MET WITH SAUDI PRINCIPAL REPRESENTATIVE TO PREPCON BEFORE HIS DEPARTURE FOR BEIRUT APRIL 2. GOVERNOR ABDUL HADY TAHER OF PETROMIN WAS NAMED AT LAST MINUTE IN PLACE OF PRINCE SA'UD BIN FAYSAL WHO WAS ELEVATED TO MINSTATE FOR FOREIGN AFFAIRS AFTER DEATH OF HIS FATHER. GOVERNOR TAHER OBVIOUSLY OVERWHELMED BY HIS APPOINTMENT. HE NOTED THAT HE HAD ALWAYS BEEN ON THE "BUSINESS SIDE" OF PETROLEUM AFFAIRS AND THIS WOULD BE THE FIRST "POLITICAL" CONFERENCE HE HAD ATTENDED AS HEAD OF DELEGATION.

2. COUNSELLOR NOTED THAT SUBSTANCE OF STATE REFTEL PASSED TO YAMANI BY AMBASSADOR JUST BEFORE HIS DEPARTURE MARCH 31, BUT EMBASSY WANTED GOVERNOR TO KNOW U.S. ATTITUDE ON PREPCON AND ON AGENDA ITEMS FOR MAIN CONFERENCE. U.S. PARTICULARLY WANTED TO AVOID CONFRONTATION WITH PRODUCERS AND HOPED TO USE CONFERENCE AS MEANS OF TURNING CRISES INTO OPPORTUNITY FOR PRODUCER/CONSUMER COLLABORATION. TAHER SAID THAT HE UNDERSTOOD FULLY AND WOULD DO WHAT HE COULD TOWARDS THIS MUTUAL GOAL.

3. AFTER DETAILING POSSIBLE AGENDA AND U.S. ATTITUDES ON NEED TO HOLD DOWN ATTENDANCE AND MAKING SURE EVERYONE ADEQUATELY PREPARED, COUNSELLOR MENTIONED U.S. AGREEMENT THAT THERE WAS NEED FOR DIALOGUE ON RAW MATERIALS BUT THAT THIS CONFERENCE SHOULD FOCUS ON ENERGY AND LEAVE TO REGULAR AVAILABLE FORUMS THE PROBLEMS OF OTHER RAW MATERIALS. WHAT FORUMS, ASKED TAHER? THE UNITED NATIONS HAD PROVED UNABLE TO DO ANYTHING BUT DISCUSS THESE PROBLEMS. COUNSELLOR NOTED UNCTAD SESSIONS AND UPCOMING UNGA SPECIAL SESSION.

4. ASIDE FROM A FEW QUESTIONS ABOUT FLOOR PRICES AND EXACT RELATIONSHIP OF FRENCH TO IEA INITIATIVES, TAHER APPEARED TO FIND LITTLE FAULT WITH REST OF AGENDA AND GENERAL U.S. ORIENTATION. HE NOTED THAT HE HAD IN A BOOK IN 1964 RECOMMENDED STRONGLY THAT OECD AND OPEC SEEK A LIAISON RELATIONSHIP, AGREEING THAT THIS HAD PROBABLY
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BEEN PREMATURE IF NOT PROPHETIC OF WHAT HAS TAKEN PLACE.

5. A SPARK WAS STRUCK BY MENTION OF POSSIBLE COOPERATION WITH U.S. LEADERSHIP BETWEEN CONSUMING COUNTRIES AND SAUDI ARABIA FOR PRODUCTION OF FERTILIZERS FOR THIRD WORLD USE. HIS CONCERN (FIRST EXPRESSED AND REPORTED NINE MONTHS AGO IN CONNECTION WITH U.S. SAUDI ECONOMIC COMMISSION) WAS THAT PLANTS BUILT IN SAUDI ARABIA WITH PRIVATE FUNDS AND

PRIVATE TECHNOLOGY WOULD FIND THEMSELVES WITHOUT A CASH MARKET FOR FERTILIZERS THAT WERE ADMITTEDLY NEEDED BY THE LDCS. EARLIER SAUDI ARABIA HAD PLANNED FOR AS MANY AS THIRTEEN MAJOR FERTILIZER PLANTS. NOW IT WAS REDUCED TO ONLY THREE BECAUSE OF MARKETING PROBLEMS (ONE U.S., ONE TAIWAN-ROC, ONE ICI-BRITISH. THEY COULD MAKE PLANS TO CREATE MORE, EVEN FROM AVAILABLE GAS OR FROM PETCHEM COMPLEXES INDIRECTLY, BUT THESE WOULD NOT BE BUILT UNLESS THERE WAS CREATED A COOPERATIVE FINANCING ARRANGEMENT TO MAKE THEM FINANCIALLY ATTRACTIVE TO NECESSARY PRIVATE JOINT VENTURE PARTNER. SHORT DISCUSSION ENSURED ABOUT POSSIBLE WAYS OF DOING THIS AND COUNSELLOR POINTED OUT THAT ONE DOLLAR'S WORTH OF FERTILIZER COULD SAVE UP TO SIX DOLLARS' WORTH OF CONCESSIONAL GRAIN EXPORTS FROM U.S. TO INDIA.

6. TAHER SAID THAT ONLY TWO PETROMIN AND TWO MINPETROLEUM DELEGATES WOULD ACCOMPANY HIM AT PREPCON (NONE FROM MIN FINANCE APPARENTLY). HE EXPRESSED GREAT INTEREST IN FACT THAT UNDERSECRETARY ROBINSON, AN OLD FRIEND, WOULD HEAD U.S. DELEGATION AND ALSO LOOKED FORWARD TO MEETING ASSISTANT SECRETARY ENDERS. HE INQUIRED ABOUT SECRETARY GENERAL DAVIGNON AND ASKED ABOUT THE ORGANIZATION PATTERN OF THE IEA. HE SAID THAT U.S. BRIEFING HAD BEEN MOST HELPFUL AND HE WOULD LOOK FORWARD TO DISCUSSING HIS EXPERIENCES AFTER HIS RETURN.

7. COMMENT: TAHER IS OBVIOUSLY NERVOUS ABOUT HIS BEING CATAPULTED ONTO THE NEGOTIATING STAGE PARTICULARLY AT THIS MOMENT OF CHANGING ADMINISTRATION IN SAUDI ARABIA. HE WILL PROBABLY BE ESPECIALLY PASSIVE IN THIS SITUATION BUT U.S. DEL SHOULD HAVE NATURAL ALLY ON SOME SUBJECTS IF LOW-KEY INFORMATIONAL WORK IS DONE ESPECIALLY BY THOSE
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PRESENT WHO KNOW HIM PERSONALLY. (POSTPONEMENT OF MR. ROBINSON'S TRIP TO SAUDI ARABIA NOT DISCUSSED WITH TAHER).
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